



State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of Environmental Quality

Amanda Smith
Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

Drinking Water Board

Paul Hansen, P.E., *Chair*
Ken Bassett, *Vice-Chair*
Terry Beebe
Russell Donoghue
Daniel Fleming
Tage Flint
Heather Jackson
Betty Naylor
Amanda Smith
David Stevens, Ph.D.
James Webb
Kenneth H. Bousfield, P.E.
Executive Secretary

MINUTES OF THE DRINKING WATER BOARD MEETING HELD ON MAY 11, 2011 IN SALT LAKE CITY, UTAH

Board Members Present

Paul Hansen, Chairman
Ken Bassett, Vice Chairman
Terry Beebe
Russell Donoghue
Heather Jackson
Betty Naylor

Board Members Excused

Daniel Fleming
Tage Flint
Amanda Smith
David Stevens
James Webb

Staff Present

Ken Bousfield
Julie Cobleigh
Michael Grange
Linda Matulich

Guests

Rod Mills, Ensign Engineers
Beth Johnson, Sherwood Water
Ken Clark, Delta City
Robert Worley, Sunrise Engineering
Shawn Gonzales, Salt Lake Valley HD
Dale Pierson, Rural Water Association
Roger Francom, U.S. Magnesium
Doug Nielsen, Sunrise Engineering
Gayle Bunker, Delta City
Alan Riding, Delta City
Howard Blackburn, Bicknell City
Trent Smith, Sherwood Water

Staff Present Continued

Gary Kobzeff
Jesse Johnson
Rich Peterson
Heather Bobb
Melissa Copfer

ITEM NO. 1 – CALL TO ORDER

The Drinking Water Board convened at 1:00 p.m. in Salt Lake City, Utah with Chairman Hansen presiding.

ITEM NO. 2 – ROLL CALL

Chairman Hansen mentioned that Danny Fleming, Tage Flint, Amanda Smith, David Stevens, and Jim Webb asked to be excused from the Drinking Water Board meeting today.

Danny Fleming has throat cancer, and didn't feel well enough to make the meeting today. Please have Danny in your thoughts and prayers.

Chairman Hansen asked Ken Bousfield to call roll of the Drinking Water Board Members.

The roll call showed that a quorum of 6 members were present.

ITEM NO. 3 – INTRODUCTIONS

Chairman Hansen welcomed the guests, and asked them to introduce themselves.

ITEM NO. 4 – APPROVAL OF THE MINUTES OF MAY 11, 2012

Chairman Hansen stated a motion was in order to approve the Drinking Water Board minutes of March 2, 2012.

Betty Naylor moved that the Drinking Water Board approve the minutes of March 2, 2012 with 2 changes as follows: On page 5, for Herriman City, change the word in for the word is in about the middle of the first sentence, and on page 10 for Cedarview Montwell, delete Tage Flint from voting in favor of the second motion.

Ken Bassett seconded.

**CARRIED
(Unanimous)**

ITEM NO. 5 – INTENDED USE PLAN

Michael Grange mentioned that staff has to submit the Intended Use Plan each year to EPA in order to received federal funding from them.

Michael Grange mentioned that staff sends the Intended Use Plan out to the public for comments. If the Drinking Water Board would like to offer any comments on the Intended Use Plan, staff will need comments by May 31, 2012. The Intended Use Plan is for informational use for the Drinking Water Board, and a motion is not needed.

ITEM NO. 6 – FINANCIAL ASSISTANCE COMMITTEE REPORT

1) Status Report

Michael Grange reported that the projected total for the State SRF available funds through March 31, 2012 of \$4,115,585.

Michael Grange mentioned that the total State SRF funds available through April 1, 2013 will be \$11,023,243. Michael Grange reviewed the loans and grants that have been authorized and will close for the 2013 period.

Michael Grange reported on some of the projects that haven't closed yet.

Michael Grange reviewed the Federal SRF proposed projects of \$402,000 and hardship projects of \$0 through March 31, 2012. The total remaining loan funds through March 31, 2012 is -\$6,262,487 and the total remaining hardship funds is \$1,771,981.

Michael Grange reported the total estimated Federal SRF Funds available through April 1, 2013 is \$12,067,987.

Michael Grange reported the projects that have closed since the last Board meeting are Hanna Water & Sewer District, Payson City and Mountain Regional Water SSD. SRF loans that are projected to close in July are: American Fork, Uintalands Association and Nordic Water.

2) Project Priority List

Michael Grange reported that Goasland Spring, Summit County Service Area #3, and Rockland Ranch are being added to the Project Priority List.

Terry Beebe moved the Drinking Water Board approve the Project Priority List.

Heather Jackson seconded.

**CARRIED
(Unanimous)**

3) SRF Applications

STATE FUNDS

a) Mutton Hollow – Deauthorization – Gary Kobzeff

Gary Kobzeff reported that Mutton Hollow Improvement District (MHID) was authorized on November 9, 2011, a \$256,000 loan to construct a 100,000 gallon water storage tank. Mutton Hollow Improvement District's Board of Trustees made a decision to table the subject loan, for at least one year, with the State Drinking Water State Revolving Fund. The District would like to see what items of the project it can complete with funds that are available.

Discussion followed.

Heather Jackson moved the Drinking Water Board deauthorize the \$256,000 construction loan to Mutton Hollow Improvement District.

Betty Naylor seconded.

**CARRIED
(Unanimous)**

b) Town of Bicknell – Nathan Hall

Nathan Hall reported Bicknell Town has revised the project scope to identify their most critical needs. The project now consists of spring redevelopment, chlorination facilities and critical valves and fire hydrants within the water system. Total water system improvement costs are estimated to be \$740,000. Bicknell is contributing \$50,000 and is requesting \$689,000 in financial assistance for the project.

Bicknell's current average monthly water bill, calculated using ERC based on revenue, is \$16.67 or 0.69% of the local MAGI. Based on information from the Utah State Tax Commission, the 2010 MAGI for Bicknell is \$28,930, which is 78% of the State MAGI. The base evaluation returned an interest rate of 2.52% for 20 years, and resulted in a water bill of 1.32% of the local MAGI. Bicknell still qualifies to be considered for principal forgiveness based on their MAGI being less than 80% of the State MAGI.

There were three funding options listed in the packet from the Finance Committee for the Drinking Water Board's consideration.

Discussion followed.

Robert Worley, Sunrise Engineering, and Howard Blackburn, representing Bicknell Town, were available to answer any questions from the Drinking Water Board may offer and address the Board .

Paul Hansen moved the Drinking Water Board authorize a construction loan of \$690,000 at 2.52% for 20 years with \$138,000 principal forgiveness to Bicknell Town to redevelop springs, install chlorination facilities and construct critical valves and fire hydrants in their system. The repayable loan amount would be \$552,000. Bicknell must resolve any and all issues on their compliance report.

Russ Donoghue seconded.

**CARRIED
(Unanimous)**

c) Parowan City – Gary Kobzeff

Gary Kobzeff reported the Drinking Water Board authorized a construction loan of \$296,000 to Parowan City to replace 4,500 feet of undersized and dilapidated water line down Main Street with 12" distribution line to meet the needs of the water system as well as prevent costly repairs along Main Street once the refinishing of the street takes place.

The Division of Drinking Water received a letter from Ensign Engineering on behalf of Parowan Town requesting a funding increase of \$364,000 to a total of \$660,000. The applicant stated the increase in construction costs is due to a number of factors:

Discussion followed.

Staff is recommending the initial funding authorization for Parowan Town was a loan of \$296,000 with 3.8% interest for 20 years putting their average water bill at \$29.45, at 1.32% of their MAGI. A funding increase of \$364,000 for a total loan of \$660,000 with 3.28 interest, for 30 years would put the Town's average water bill at \$30.14, with a 2.35% of the local MAGI.

Terry Beebe moved the Drinking Water Board authorize a \$364,000 funding increase to Parowan Town to raise the total construction loan amount to \$660,000 with 3.28% Interest or Fee per annum, and extend the term of the loan to 30 years, with the condition that they resolve all issues on their compliance report. A 1.0% loan origination fee of \$60,000 will be assessed which can be either absorbed by the authorized loan amount or paid by the water system, out-of-system funds, at loan closing.

Betty Naylor seconded.

**CARRIED
(Unanimous)**

d) Leeds Domestic Water Users Association – Deauthorization – Gary Kobzeff

Gary Kobzeff reported Leeds Domestic Water Users Association was authorized a \$100,000 increase on July 13, 2011, to construct the well building and equip the new well on that was part of their original \$2,204,000 construction project but fell short of funds due to cost overages. LDWUA has decided to forgo construction of the new well since they currently have enough source capacity to meet current and projected demand. They have stated to Division staff they no longer need the additional funding.

Discussion followed.

Paul Hansen moved the Drinking Water Board deauthorize the \$100,000 construction loan to Leeds Domestic Water Users Association.

Heather Jackson seconded.

**CARRIED
(Unanimous)**

e) Cottonwood Mutual – Deauthorization – Nathan Hall

Nathan Hall reported the Drinking Water Board authorized a loan of \$650,000 to Wilkinson Cottonwood Mutual Water Company (now known as the Cottonwood Mutual Water Company) The Cottonwood Mutual Water Company has decided to postpone the construction of the new facilities until an undetermined later date and have requested the loan be deauthorized. The water company has indicated that they still intend to construct the well in the future and understand that once the loan is deauthorized they will need to start the application process over if they want to pursue SRF funds for construction of the water system Improvements.

Discussion followed.

Betty Naylor moved the Drinking Water Board deauthorize the \$650,000 construction loan to Wilkinson Cottonwood Mutual Water Company.

Russ Donoghue seconded.

**CARRIED
(Unanimous)**

FEDERAL FUNDS

f) Delta City – Gary Kobzeff

and

g) Sherwood Water Company – Gary Kobzeff

Gary Kobzeff reported Delta City and Sherwood Water Company's request will be handled together at the Drinking Water Board meeting today.

Mayor Gayle Bunker, Alan Riding and Ken Clark, representing Delta City, were available to answer any questions from the Drinking Water Board and address the Board.

Gary Kobzeff reported the Sherwood Water Company was authorized a \$1,075,000 construction loan at 3.54% interest for 30 years with \$860,000 in principal forgiveness. Their existing water supply has an arsenic level of 24 ppb, which exceeds the legal MCL of 10 ppb. The Company proposed to install approximately 1,500 feet of 8" C900 PVC pipe and fittings between Delta, Utah and the Sherwood Water Company. Sherwood Water Company would then purchase their water from Delta City.

Gary Kobzeff mentioned that Sherwood Water Company has since found it increasingly difficult to operate a water system and has offered Delta City to buy them out. Delta City has agreed to form a water district to buy Sherwood Water Company and has requested transferring the authorized funding from Sherwood Water Company to the district and to increase the funding to cover additional costs associated with buying the water system. Delta City has requested a funding increase of \$676,000 to a total of \$1,751,000. This requested increase would be used to replace old residential water meters, install new valves and for buyout costs of existing infrastructure, water rights and debt.

Russell Donoghue moved the Drinking Water Board deauthorize the \$1,075,000 construction loan at 3.54% for 30 years with \$860,000 in principal forgiveness for the Sherwood Water Company.

Heather Jackson seconded.

**CARRIED
(Unanimous)**

Heather Jackson moved the Drinking Water Board contingent upon Delta City's forming a water improvement or other similar service district encompassing the service area of the current Sherwood Water Company, the Drinking Water Board authorize a \$1,751,000 loan at 0.0% interest for 30 years with \$1,127,000 in principal forgiveness to said District for the purpose of purchasing the existing Sherwood Water Company (excluding water rights), constructing a 12" diameter culinary water transmission pipeline between Delta City and the current Sherwood Water Company service area of installing new 8" distribution pipeline with appropriate valves and appurtenances within the current Sherwood Water Company service area. The district will be responsible to resolve all deficiencies currently assessed against the Sherwood Water Company.

Terry Beebe seconded.

**CARRIED
(Unanimous)**

h) Other Business – Michael Grange

Michael Grange reported no other business.

ITEM NO. 7 – RURAL WATER ASSOCIATION OF UTAH'S REPORT

Dale Pierson reviewed what the Rural Water Association of Utah office is accomplishing with the different programs they are involved in. The National Rural Water Association has a new training program available to water professionals that leads to a Utility Management Certificate. Dale distributed the training manual used in this program. Dale also explained that more and more water system operators are taking advantage of the new on-line Operator Certification test that RWAU is making available with the assistance of Division staff.

ITEM NO. 8 – CHAIRMAN'S REPORT

Chairman Hansen had nothing new to report.

ITEM NO. 9 – DIRECTORS REPORT

- a. Ken explained that as a result of the passage of Senate Bill 21, all correspondence relating to plan approvals, operating permits and enforcement actions would be signed by him as the "Division Director" rather than as the "Executive Secretary" effective May 8, 2012. Ken also explained that a number of changes to the Board's rules would be needed to clarify the role of the Division Director, so that the rules would be consistent with SB21. Ken went on to explain that the rule changes would be filed by the Attorney General's office as non-substantive changes in the near future.

Ken pointed out that a copy of the drinking water portion of SB 21 was in the Board's packet and it also contained a description of the Board's make up that would go into effect in May 2013.

- b. Ken Bousfield introduced Melissa Copfer, as a new employee with the Division. Melissa presented a brief bio of her background for the Board.

ITEM NO. 10 – NEXT BOARD MEETING

Chairman Hansen reported the next Drinking Water Board meeting would be held on July 13, 2012 at 1:00 p.m. in Salt Lake City, Utah. He also reported that he would like to hold a work meeting in the morning of July 13, 2012 to finish the discussion on issues related to second home subdivisions that occurred in the work meeting held in the morning of May 11, 2012.

ITEM NO. 11 – OTHER

No other business.

ITEM NO. 12 – ADJOURN

Chairman Hansen stated a motion to adjourn the Drinking Water Board meeting was in order.

Heather Jackson moved to adjourn the Drinking Water Board meeting at 2:10 p.m.

Terry Beebe seconded.

**CARRIED
(Unanimous)**

Linda Matulich
Recording Secretary